

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 XMB-04 OPIC-06 AID-05 IGA-02

PER-03 A-01 MMO-04 /043 W

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R 051245Z MAR 76

FM AMEMBASSY BUENOS AIRES

TO USDOC WASHDC

SECSTATE WASHDC 4721

INFO USIA WASHDC

UNCLAS SECTION 1 OF 2 BUENOS AIRES 1469

E.O. 11652: N/A

TAGS: BEXP, AR

SUBJECT: FY 77 - COUNTRY COMMERCIAL PROGRAM FOR ARGENTINA

REF: BA-1203, FEBRUARY 21, 1975; BA A-36, FEBRUARY 24, 1975;
STATE A-7369, DECEMBER 10, 1975.

1. SECTION I - OVERVIEW: PROPOSED OVERVIEW STATEMENT IS AS
FOLLOWS:

ARGENTINA'S ECONOMIC GROWTH RATE, EXPRESSED IN TERMS
OF ITS GROWTH IN GROSS DOMESTIC PRODUCT (GDP), IS
ESTIMATED AT -1 PERCENT IN 1975. A LOW OR NEGATIVE
GROWTH RATE IN 1976 IS ALSO EXPECTED. INFLATION IN
1975 EXCEED 300 PERCENT ON AN ANNUAL BASIS, AND
DEPENDING ON GOA ECONOMIC POLICIES, COULD BE ABOUT THAT
LEVEL, OR EVEN HIGHER IN 1976. IF POLITICAL DISCORD
AND UNBALANCED BUDGET POLICY CONTINUE, IT IS LIKELY THAT
THE RATE OF INFLATION WILL CONTINUE TO INCREASE.
ARGENTINA'S GROSS RESERVE POSITION IS PERILOUSLY LOW. 1975
SAW A BALANCE OF PAYMENTS DEFICIT OF APPROXIMATELY \$1,200
MILLION DOLLARS. THE DEFICIT IN 1976 IS LIKELY TO BE
AROUND \$800 MILLION. AN IMPORTANT DRAIN ON FOREIGN EXCHANGE
RESERVES IN 1976 WILL BE DEBT AMORTIZATION ESTIMATED AT
APPROXIMATELY \$1,000 MILLION. THE INFLATION AND THE
SCARCITY OF FOREIGN EXCHANGE HAVE PROVOKED A BUSINESS

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RECESSION WHICH IS LIKELY TO BE SUSTAINED BEFORE AN
ECONOMIC UPTURN COMES. SUPPLIER FINANCING IS THEREFORE

THE SINCE QUA NON FOR EXPORTING TO ARGENTINA IN 1976 AND 1977.
ALL OTHER COMPETITIVE FACTORS WILL BE SUBORDINATE TO THIS ONE.
IN VIEW OF THE ECONOMIC AND BUSINESS CLIMATE LIKELY TO PREVAIL
DURING AT LEAST THE FIRST HALF OF FY 77, OUR COMMERCIAL
POLICY IN ARGENTINA DURING THIS TIME FRAME SHOULD BE
DIRECTED TOWARDS IMPROVING OUR KNOWLEDGE OF AND CONTACTS
IN THE LOCAL MARKET AND INCREASING EXPOSURE OF ARGENTINE
BUSINESS TO U.S. TECHNOLOGY AND EQUIPMENT BY MEANS OF FOREIGN
BUYER VISITS TO THE U.S. AND PROMOTION EVENTS IN ARGENTINA.
THIS STRATEGY WILL ENABLE US TO BE BETTER PREPARED TO EXPLOIT
THE SUPPRESSED POTENTIAL FOR IMPORT SALES TO ARGENTINA ONCE
THERE IS AN ECONOMIC REVIVAL AND AN IMPROVEMENT IN THE LEVEL
OF FOREIGN EXCHANGE RESERVES. ACCORDINGLY, THE CAMPAIGN
AND NON-CAMPAIGN ACTIVITIES LISTED HEREIN HAVE AS THEIR
FOCUS AN EMPHASIS ON MARKET RESEARCH, ON THE FOREIGN BUYER
PROGRAM AND ON TRADE PROMOTION EVENTS IN ARGENTINA.

2. SECTION II - PERSONNEL RESOURCE LIST:

1. STATE-FUNDED E/C PERSONNEL

1.1 BUENOS AIRES

E/C COUNSELOR O-2 BEAL

DEPUTY CHIEF OF E/C SECTION O-4 OGDEN

COMMERCIAL ATTACHE O-4 JONES

ASSISTANT COMMERCIAL ATTACHE O-7 LONDONO

L-2 PALLARES JORDA

L-3 MENDEZ

L-4 SEGOVIA

L-4 CAPURRO

L-5 LUEJE

S-6 LUKSO

L-6 MAFFEO

L-6 MENDEZ

L-6 (VACANT)

S-8 KENNY

2.- COUNTRY COMMERCIAL ACTION GROUP (CCAG)

A) DCM (CHAIRMAN)

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B) EC/COUNSELOR

C) PAO

D) SCIENTIFIC COUNSELOR

E) USMILGP

3. SECTION III - CAMPAIGNS:

CAMPAIGNS OUTLINED IN BA-1203 REMAIN ESSENTIALLY
UNCHANGED WITH THE FOLLOWING EXEMPTION:

CAMPAIGN NO. 1: EQUIPMENT AND ENGINEERING/CONSTRUCTION
SERVICES FOR ELECTRIC POWER GENERATION AND TRANSMISSION:
- UNDER "ACTION" ADD: QUOTE: BY SEPTEMBER 30, 1976: QUOTE:
ASSIST U.S. SUPPLIERS IN OBTAINING CONTRACT FOR ELECTROMECHANICAL
EQUIPMENT FOR YACYRETA-APIPE HYDROELECTRIC PROJECT IN
COLLABORATION WITH EMBASSY IN ASUNCION. UNQUOTE.

CAMPAIGN NO.2: EQUIPMENT AND ENGINEERING/CONSTRUCTION
SERVICES FOR CHEMICAL AND PETROCHEMICAL INDUSTRIES:
- UNDER "ACTIONS" ADD: QUOTE: BY SEPTEMBER 30, 1976:
PROMOTE PARTICIPATION OF U.S. COMPANIES IN FIRST LATIN AMERICAN
PETROCHEMICAL CONGRESS, NOVEMBER 14-20, 1976. UNQUOTE.
- UNDER "ACTIONS" ADD: QUOTE BY JUNE 30, 1977:
IDENTIFY AND SEND TO U.S. A LEADER GRANTEE FROM THE PETROCHEMICAL
SECTOR. UNQUOTE.
- UNDER "ACTIONS" ADD: QUOTE: BY SEPTEMBER 30, 1976:
ASSIST U.S. SUPPLIERS IN OBTAINING CONTRACTS FOR PETROQUIMICA
BAHIA BLANCA SATELLITE COMPLEX AND PETROQUIMICA BAHIA
BLANCA EXPANSION. UNQUOTE.

CAMPAIGN NO.4: SHIPBUILDING AND SHIPBOARD EQUIPMENT:
THIS CAMPAIGN IS NO LONGER RELEVANT IN VIEW OF EFFECTS OF
RECESSION ON LOCAL SHIPBUILDING INDUSTRY. WE DO NOT EXPECT
THIS SECTOR TO REVIVE DURING FY 77. IN PLACE OF SHIPBUILDING
AND SHIPBOARD EQUIPMENT, POST HAS DECIDED TO UNDERTAKE
EXTENSIVE MARKET RESEARCH CAMPAIGN INCLUDING SECTORS NOT
SUBJECT OF PRODUCT CAMPAIGNS. (SEE NON-CAMPAIGN ACTIVITIES
BELOW).

CAMPAIGN NO. 5: PETROLEUM, NATURAL GAS AND COAL
EXPLORATION AND EXTRACTION EQUIPMENT:
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- UNDER "ACTIONS" ADD: QUOTE: BY SEPTEMBER 30, 1976:
PROMOTE ENERGY SHOWS IN THE U.S.: THE INTERNATIONAL PETROLEUM
EXPOSITION AND CONGRESS AND THE AMERICAN MINING CONGRESS.
UNQUOTE.
- UNDER "ACTIONS" ADD: QUOTE: BY DECEMBER 31, 1976:
CONDUCT MARKET RESEARCH STUDY TO DETECT TRADE OPPORTUNITIES
IN THE PETROLEUM, GAS AND COAL FIELDS. UNQUOTE.
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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 XMB-04 OPIC-06 AID-05 IGA-02

PER-03 A-01 MMO-04 /043 W

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R 051245Z MAR 76

FM AMEMBASSY BUENOS AIRES

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4. SECTION III - NON-CAMPAIGN ACTIVITIES: POST PROPOSES THE
FOLLOWING NON-CAMPAIGN ACTIVITIES:

ACTIVITY NO.	CUSTOMARY ACTIVITIES	PRIORITY RANK
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- | | | |
|----|---|---|
| 1. | MARKET RESEARCH | 6 |
| | SECTION WILL UNDERTAKE POST
CONDUCTED MARKET RESEARCH IN
FOLLOWING SECTORS: | |
| | PULP AND PAPER | |
| | TEXTILES | |
| | FOOD PROCESSING | |
| | COMMUNICATIONS AND ELECTRONICS | |
| | PRINTING AND GRAPHIC ARTS | |
| | COMPUTERS AND SOFTWARE | |
| | AVIATION AND AVIATION ELECTRONICS | |
| | MINING | |
| | RAILROAD AND OTHER LAND TRANSPORT EQUIPMENT | |

- | | | |
|----|--|---|
| 2. | TRADE PROMOTION EVENT SUPPORT | 7 |
| | SECTION WILL ENCOURAGE AND SUPPORT
CATALOG SHOWS AND TRADE MISSIONS TO
ARGENTINA, AS WELL AS PROMOTING
ATTENDANCE AT FOLLOWING U.S.
EXPOS: | |

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-AMERICAN TEXTILE MACHINERY EXHIBITION-

INTERNATIONAL: OCTOBER 21-29/1976.

-FOOD & DAIRY EXPOSITION '76:

OCTOBER 10-14/1976.

-PACKAGING WEEK/USA EXPOSITION &
ASSEMBLY: OCTOBER 25-29/1976.
-NATIONAL PLASTICS EXPOSITION:
DECEMBER 6-10/1976.
-KNITTING ARTS EXHIBITION (KAE-77):
MAY 1-6/1976.
-NATIONAL COMPUTER CONFERENCE:
JUNE 13-16, 1977.

3. LOCALLY RECRUITED AND ORGANIZED
 TRADE EVENTS 8
 IN ADDITION TO THE EVENTS
 MENTIONED IN THE CAMPAIGNS,
 SECTION PROPOSES TO ORGANIZE
 FILM SHOWINGS AND TECHNICAL
 SEMINARS LOCALLY FOR PULP AND
 PAPER, COMMUNICATIONS AND
 ELECTRONICS, FOOD PROCESSING,
 ENVIRONMENTAL CONTROL AND
 TEXTILE SECTOR.

5. POST WILL FORWARD COMPLETE DRAFTS OF SECTIONS I, II, AND
 III IN NEW FORMAT BY POUCH WEEK OF MARCH 8TH.
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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Event:
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